

No. 20-440

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IN THE  
**Supreme Court of the United States**

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MINERVA SURGICAL, INC.,

*Petitioner,*

v.

HOLOGIC, INC., *et al.*,

*Respondents.*

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On Writ of Certiorari  
to the United States Court of Appeals  
for the Federal Circuit

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**BRIEF OF *AMICI CURIAE*  
INTELLECTUAL PROPERTY  
LAW PROFESSORS  
IN SUPPORT OF PETITIONER**

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## INTEREST OF *AMICI CURIAE*

*Amici* are 34 professors of intellectual property law.<sup>1</sup> *Amici* have no direct financial interest in the parties to or the outcome of this case. They do share a professional and academic interest in seeing patent law develop in a way that efficiently encourages innovation.

A full list of *amici* can be found in the Appendix.

## SUMMARY OF ARGUMENT

This Court has previously limited assignor estoppel to—at most—a small set of cases that involve its original purpose: preventing inventors from selling a patent for profit by misrepresenting or concealing the facts of its validity to an assignee who relies on that misrepresentation.

The Federal Circuit, on the other hand, has steadily expanded the doctrine’s application beyond this Court’s precedent and any justification for it. The doctrine should not apply in the overwhelming majority of cases in which the Federal Circuit now applies it, including this one.

The Federal Circuit has permitted assignor estoppel to bar validity challenges even when there is

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<sup>1</sup> The parties have consented to the filing of this brief. No counsel for a party authored this brief in whole or in part, and no party or counsel for a party made a monetary contribution intended to fund its preparation or submission. No person, other than *amici* or their counsel, made a monetary contribution to the preparation or submission of this brief. *Amici*’s university affiliations are for identification purposes only; *amici*’s universities take no position on this case.

no sale of a patent or misrepresentation of patent validity, including situations where employees agree on their first day of work to assign future inventions that they might not make for years or even decades. It has broadened the definition of privity to allow assignor estoppel to prevent validity challenges by anyone with even a remote connection to the inventor-assignor. It has applied the doctrine to bar legal arguments based on the words the lawyers draft rather than anything the inventor represented. And it has applied the doctrine to patents drafted well after the employee left the company. The result has been that virtually none of the cases in which the Federal Circuit applies assignor estoppel bear any resemblance to the narrow doctrine this Court has considered in the past.

This overbroad application of the doctrine undermines important public interests. It makes it impossible for many of the most likely parties to challenge invalid patents. And it makes it harder for inventors to change jobs or start their own companies, reducing innovation.

This Court should reject the Federal Circuit's expansive application of assignor estoppel—in this case and in general. If it does not eliminate assignor estoppel entirely, the Court should explicitly limit the doctrine to its narrow roots.

## **ARGUMENT**

### **I. THIS COURT HAS PROPERLY LIMITED ASSIGNOR ESTOPPEL.**

This Court has sharply limited assignor estoppel to, at most, a slim set of cases. To the extent the

doctrine has any continued vitality, it is only when its three underlying logical criteria are met: (1) the assignor sells a patent; (2) the assignor misrepresents a fact of the patent's validity; and (3) the assignee relies on that misrepresentation.

The Federal Circuit has ignored those limits and instead expanded the doctrine far beyond its equitable justification, undermining substantial public interests in invalidating bad patents and enabling employee mobility and innovation. This Court should reject the Federal Circuit's expansion of assignor estoppel and—if the Court upholds the doctrine at all—confine it to the narrow set of cases involving bad-faith deception in patent sales.

This Court has considered assignor estoppel three times: twice expressly and once implicitly. In each of those three cases, the Court found that the doctrine's equitable purpose was outweighed by the importance of identifying and weeding out invalid patents.

This Court first considered—and constrained—assignor estoppel in *Westinghouse Electric & Manufacturing Co. v. Formica Insulation Co.*, 266 U.S. 342 (1924). Westinghouse sued a past employee, O'Connor, who left to start his own competing company, Formica. Westinghouse alleged infringement of patent claims based on O'Connor's work there, which Westinghouse submitted to the Patent and Trademark Office only after O'Connor had left his job. Although assignor estoppel precluded O'Connor from asserting that Westinghouse's patent claims were invalid per se, this Court allowed him to introduce prior art to define their proper scope. The Court reasoned that while O'Connor had given Westinghouse the rights to his invention, he had not agreed to the scope of any

particular claim. *Id.* at 350-51. Thus, notwithstanding the doctrine of assignor estoppel, the Court held that assignors could use prior art to narrow the patent enough to successfully argue noninfringement. *Id.* at 350-51, 354-55.

In *Scott Paper Co. v. Marcalus Manufacturing Co.*, 326 U.S. 249 (1945), this Court once again declined to apply assignor estoppel. *Scott Paper* presented the same general fact pattern: as an employee, Marcalus assigned his inventions to his employer, Scott Paper. When Marcalus started his own company, this Court disregarded assignor estoppel and refused to bar him from defending against Scott Paper's patent suit. The Court held that assignor estoppel did not "foreclose the assignor of a patent from asserting the right to make use of . . . an expired patent, which anticipates that of the assigned patent." *Id.* at 257. This Court questioned the continued vitality of the doctrine overall but stopped short of completely eliminating it, finding that "[t]o whatever extent [assignor estoppel] may be deemed to have survived [*Westinghouse*]", assignor estoppel did not control this case. *Id.* at 254. The Court found it inconsistent with the "policy and purpose of the patent laws" to preclude Marcalus from arguing noninfringement by virtue of practicing an expired patent because expired patents are dedicated to the public. *Id.* at 256; *see also* Mark A. Lemley, *Rethinking Assignor Estoppel*, 54 *Hous. L. Rev.* 513, 519 (2016) (noting that the Court was also "motivated by the fact that Marcalus was unaware of the prior art patent when he assigned his invention"). As Justice Frankfurter noted in dissent, the majority in *Scott Paper* implicitly rejected assignor estoppel altogether.

See *Scott Paper*, 326 U.S. at 264 (Frankfurter, J., dissenting).

This Court endorsed Justice Frankfurter's reasoning several years later in *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969). *Lear* explicitly repudiated the closely related doctrine of licensee estoppel, which previously forbade licensees from denying the validity of licensors' patents in suits for royalties under a licensing agreement. *Id.* at 656. The Court overturned licensee estoppel based on the gradual demise of patent estoppel doctrines generally: it observed that *Westinghouse* "stringently limited" assignor estoppel and reasoned that the "logical conclusion" of *Westinghouse* permitted assignors to argue invalidity as a defense against assignees. *Id.* at 664-65. The Court went even further when characterizing *Scott Paper*, finding that it "undermined the very basis of the 'general rule'" for estoppel. *Id.* at 666. The Court described *Scott Paper*'s limitation on assignor estoppel as "profoundly antithetic[al] to the principles underlying estoppel." *Id.*

In eliminating licensee estoppel wholesale, this Court determined that equity did not require licensee estoppel even in instances of good-faith bargaining. *Id.* at 669-71. "Surely the equities of the licensor do not weigh very heavily when balanced against the important public interest in permitting full and free competition in the use of ideas which are in reality part of the public domain." *Id.* at 670. The balance of the equities therefore favored invalidating specious patents, especially since patents are presumed valid. *Id.* This reflected the Court's reasoning that a patent "simply represents a legal conclusion reached by the Patent Office." *Id.* Given that "reasonable men [could]

differ widely” as to a patent’s validity, it was “not . . . unfair” that a patentee might have to defend the patent’s validity. *Id.* Licensees, thus, must be allowed to challenge validity in all cases because licensees may often be the most economically incentivized party to assert invalidity. If they are “muzzled” by estoppel, “the public may continually be required to pay tribute to would-be monopolists without need or justification.” *Id.*

## II. ANY REMAINING LOGIC UNDERLYING ASSIGNOR ESTOPPEL DOES NOT FIT MOST MODERN CASES.

This Court’s increasingly limited and skeptical view of assignor estoppel in *Westinghouse*, *Scott Paper*, and *Lear* indicates what should be the doctrine’s outer bounds at most: an inventor who sells a patent but misrepresents facts about its validity to a buyer that relies on that misrepresentation may not be permitted to later say “[w]hat I have sold you is worthless.” *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 259 (1945) (Frankfurter, J., dissenting).

That is a narrow and unlikely set of circumstances. An inventor might, in theory, hide facts uniquely in her possession that show that the patent is invalid. Perhaps she used the invention in her business more than a year before she applied, *see* 35 U.S.C. § 102(b)(1)(A), or she secretly sold the invention more than a year before filing, *see Helsinn Healthcare S.A. v. Teva Pharms. USA, Inc.*, 139 S. Ct. 628 (2019). These facts are not apparent to the public at large; sometimes only the inventor herself may be aware of them. In such cases, where the seller deliberately deceives the buyer about facts in her

possession that show invalidity, assignor estoppel might be equitable.

But this is not the way most validity issues arise in today's business and innovation environment. Thus, if the logic of assignor estoppel applies at all today, it is only in a vanishingly small subset of cases.

The vast majority of today's assignor estoppel cases do not involve inventors selling their inventions at all, much less concealing facts that they alone know. Instead, employee assignment cases are much more common. Lemley, *supra*, at 525-26. In the typical employment context, an employee assigns all future inventions to her employer as a condition of employment. The employee plays a limited role in the patenting of those inventions, if the employer decides to patent her inventions at all: the employee merely discloses her inventions to her employer, and that is typically where her involvement ends. The company itself decides whether to patent her inventions and sends the details to its patent counsel. The lawyers, in turn, may draft a patent application without further input from the employee even after the employee leaves.

The rationale for assignor estoppel does not apply in this typical employment context. *See id.* at 525-27, 530-31 (explaining how modern assignment practices and cases invoking assignor estoppel belie each of the three premises underlying the doctrine).

First, today's employee-inventors have few opportunities to directly sell their patents. Instead, employees sign on the dotted line of a standard form contract on their first day of work, preassigning all inventive rights to their employers. *Id.* at 525-26. These contracts are a far cry from assignor estoppel's

imagined for-profit, bargained-for sale of an existing patent.

Second, assignor-employees are simply not in a position to misrepresent facts of patent validity because they typically assign their rights to inventions before those inventions have even been conceived. *Id.* at 525-27. Whether or not the assignee-employer will or could embody a hypothetical future invention in an invalid patent is not a question an assignor-inventor can answer, let alone misrepresent. Indeed, the patent may not be written until years after the employee leaves the company. And the patent lawyers may try to broaden the patent to cover things that the inventor herself never contemplated.

Assignor-employees are also not patent lawyers, so they are not likely to understand, much less affirmatively misrepresent, patent validity. Assignors typically play little to no role in claim drafting, which is instead left to the employer's patent counsel. Mark D. Janis & Timothy R. Holbrook, *Patent Law's Audience*, 97 Minn. L. Rev. 72, 86-88 (2012). And questions about the validity of those claims frequently depend on the knowledge or ability of a person of ordinary skill in the art, not of the inventor-assignor. Lemley, *supra*, at 530-31. Indeed, many important patent validity doctrines—including patentable subject matter, obviousness, enablement, and indefiniteness—are ultimate questions of law. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007); *Microsoft Corp. v. i4i L.P.*, 564 U.S. 91, 114-15 (2011) (Breyer, J., concurring). Yet assignor-employees are not legal experts who can make promises as to those legal questions. Janis & Holbrook, *supra*, at 86-88.

Third, employers do not rely on any explicit or implicit employee promise that the invention was patentable. To the contrary, they require employees to disclose all ideas to them, patentable or not. Lemley, *supra*, at 526-27.

### **III. THE FEDERAL CIRCUIT HAS EXPANDED ASSIGNOR ESTOPPEL FAR BEYOND RECOGNITION.**

While this Court steadily narrowed assignor estoppel in *Westinghouse* and *Scott Paper* and called into question the continuing vitality of its rationale in *Lear*, the Federal Circuit has instead ignored the disconnect between assignor estoppel's rationale and the realities of today's patent world and broadened the doctrine at every opportunity. The Federal Circuit has abandoned the doctrine's requirements that the inventor sell the patent to the assignee, that the patent challenger engage in bad-faith deception or misrepresentation, and that the buyer rely on that misrepresentation. It has applied the doctrine to pure questions of law, about which the inventor has no knowledge or expertise, and to patents written years after an employee left the company. And it has found privity where challengers are only loosely connected to the original assignor.

The cumulative effect of these decisions is that the Federal Circuit's doctrine of assignor estoppel is now breathtakingly broad. Indeed, that court has found assignor estoppel to apply in every lawsuit in which the issue was raised. Lemley, *supra*, at 524. This means that, in the vast majority of cases today, the Federal Circuit has applied assignor estoppel in fact-patterns far removed from those anticipated by the

rationale behind the doctrine, contravening any remaining equitable justifications for it.

The Federal Circuit's divergence from this Court's precedent began in *Diamond Scientific Co. v. Ambico, Inc.*, 848 F.2d 1220 (Fed. Cir. 1988). There, the inventor filed a patent application and then assigned all rights to his employer, Diamond Scientific, which was awarded the patents at issue only after the inventor left to form a competitor. *Id.* at 1222. The Federal Circuit acknowledged this Court's narrow reading of assignor estoppel in *Westinghouse* and *Scott Paper* and the limitations imposed by those cases. *Id.* at 1222-23. It recognized that *Westinghouse* still "permitted the assignor to defend against the infringement suit by attempting to show that the accused device fell outside the proper scope of the claims" and conceded that "*Scott Paper* was a less-than-enthusiastic acknowledgement of assignor estoppel." *Id.* And it even accepted that, while *Lear* dealt specifically with licensee estoppel, *Lear* "reviewed the history of 'patent estoppel' in general and indicated that the Court's previous decisions had sapped much of the vitality, if not the logic, from the assignment estoppel doctrine as well." *Id.* at 1223.

Nonetheless, the Federal Circuit decided not only to revive assignor estoppel doctrine but to expand it. Diamond Scientific, the assignee, had broadened the claims after assignment without the knowledge of the inventor to cover things the inventor never intended; the assignor had no control over or ability to misrepresent the ultimate validity of the patent or scope of the claims. Although the Federal Circuit acknowledged that "general public policy disfavor[s] the repression of competition by the enforcement of

worthless patents,” the court still determined that it would be unfair for the assignor-inventor to challenge the validity of the patent since the inventor had assigned his rights to the invention to Diamond Scientific for one dollar plus his salary, attested that he knew of no prior art, and participated in the original application process. *Id.* at 1225. The court thus applied assignor estoppel where the assignee amended the claims in a patent after assignment.

A. The Federal Circuit No Longer Requires a Sale or Any Deceptive Conduct.

The Federal Circuit has stretched assignor estoppel to cases without a fraudulent sale, or any sale at all. For example, in *Carroll Touch, Inc. v. Electro Mechanical Systems, Inc.*, 15 F.3d 1573 (Fed. Cir. 1993), an assignor-employee “sold” his patent for only the price of his ongoing employment plus one dollar; the Federal Circuit found this to be sufficient consideration for the alleged sale and applied assignor estoppel. *Id.* at 1581; *see also Diamond Sci. Co. v. Ambico, Inc.*, 848 F.2d 1220, 1225 (Fed. Cir. 1988). In another case, the Federal Circuit suggested that assignor estoppel may apply even when the inventor receives no consideration at all in exchange for her patent. *See Pandrol USA, LP v. Airboss Ry. Prods., Inc.*, 424 F.3d 1161, 1167 (Fed. Cir. 2005); Lemley, *supra*, at 522, 522 n.44.

The Federal Circuit has also applied assignor estoppel to inventors who could not have engaged in the type of deceptive sale assignor estoppel is meant to offset. In *Diamond Scientific*, the inventor had assigned the rights to a patent application, not a mature patent, such that he had no control over the

patent claims, which were not granted until after he left the company. *Diamond Scientific*, 848 F.2d at 1222. In addition, in *Q.G. Products, Inc. v. Shorty, Inc.*, 992 F.2d 1211 (Fed. Cir. 1993), the Federal Circuit applied assignor estoppel against the inventor's former business partner, Shorty, even though the patent application that Shorty had reassigned back to the named inventor was rejected, and the patent at issue was the result of a continuation-in-part application with an expanded scope that Shorty had never touched. *Id.* at 1212.

Furthermore, the Federal Circuit has refused to accept evidence that assignors were forced to assign their rights under duress. In *Shamrock Technologies, Inc. v. Medical Sterilization, Inc.*, 903 F.2d 789 (Fed. Cir. 1990), the court refused to allow evidence that the employee-inventor was "misled on inventorship and patentability" and required to assign his rights to his employer for fear of losing his job. *Id.* at 794. This expansive rule effectively eliminates the requirement that the inventor sell the patent because almost all employers require employees to preassign inventions before they begin work. *See, e.g., Shukh v. Seagate Tech., LLC*, 803 F.3d 659, 661 (Fed. Cir. 2015); Lemley, *supra*, at 525, 525 n.65.

#### B. The Federal Circuit Finds Nearly Anyone to Be in Privity.

While assignor estoppel originally bound inventors and the companies they founded, the Federal Circuit has expanded the doctrine's scope to estop nearly anyone with a remote connection to the original inventor.

The Federal Circuit has found the inventor-assignor's new employer to be in privity with the inventor, and thus estopped, even when the new employer had no involvement with the invention before hiring the employee. In *Shamrock*, the employee-inventor assigned his rights to work-related inventions to Shamrock, his employer, "as a condition of employment." *Shamrock Techs., Inc. v. Med. Sterilization, Inc.*, 903 F.2d 789, 790 (Fed. Cir. 1990). He later left Shamrock to work as vice president at MSI, a competitor. *Id.* Although the challenged patent had not yet been filed when the inventor left Shamrock and although MSI had nothing to do with its invention or application, the Federal Circuit nonetheless applied assignor estoppel to MSI using a multifactor test to reason that MSI and the original inventor were sufficiently connected in the alleged infringement. *See id.* at 793-94. The Federal Circuit went even further in *Intel Corp. v. U.S. International Trade Commission*, 946 F.2d 821 (Fed. Cir. 1991), citing its *Shamrock* decision to extend privity to an independent company with which the original inventor had created a joint venture. *Id.* at 837-38. In fact, in each of the remaining cases in this Part, the Federal Circuit has used the *Shamrock* equitable balancing factors to find privity.

The Federal Circuit's expansive application of privity also does not account for the complexities of modern corporate structures. For example, in *Mentor Graphics Corp. v. Quickturn Design Systems, Inc.*, 150 F.3d 1374 (Fed. Cir. 1998), the Federal Circuit extended assignor estoppel from a corporate parent company to its subsidiary even though that subsidiary was purchased after the assignment of the challenged patent. *See id.* at 1379. *Mentor Graphics* even indicated that a minority shareholder could "exercise

effective control over the company's operations" and thus be found in privity. *Id.*

The Federal Circuit's vision of privity is so broad that it has suggested it would apply assignor estoppel "to a defendant [entity] run by an individual who formerly worked for a company which had hired the inventor as an independent contractor, obtained a patent assignment from that contractor, and later sold the company (with patent) to another company which in turn was bought by [the] plaintiff." Lemley, *supra*, at 520-21 (citing *Checkpoint Sys., Inc. v. All-Tag Sec. S.A.*, 412 F.3d 1331, 1334-35, 1337 (Fed. Cir. 2005)). And the Federal Circuit has applied assignor estoppel even against a new employer that developed its allegedly competing product before ever hiring the inventor-assignor. See *MAG Aerospace Indus., Inc. v. B/E Aerospace, Inc.*, 816 F.3d 1374, 1380 (Fed. Cir. 2016).

The logic of assignor estoppel becomes less plausible as privity between the assignor and the named defendant becomes more attenuated. It makes little sense to estop a new employer from arguing invalidity simply because it hired an employee. It would make less sense still if the inventor is not an employee at all, but an independent contractor, or if the defendant being barred is not even the company that hired the employee.

#### **IV. ASSIGNOR ESTOPPEL PROTECTS INVALID PATENTS AND RESTRICTS EMPLOYEE MOBILITY.**

Assignor estoppel harms significant public interests in weeding out specious patents and encouraging employee mobility. Because eliminating

invalid patents and permitting the efficient movement of employees both facilitate innovation, the Federal Circuit's unwarranted expansion of assignor estoppel is especially harmful to the public interest and the purposes of patent law.

A. Assignor Estoppel Insulates Bad Patents from Invalidity Challenges.

This Court's assignor estoppel precedent has consistently recognized that the public interest and the pursuit of equity require determining the true scope of a patent grant. *See, e.g., Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 350-51 (1924) (explaining that "measuring the extent of" a patent grant is essential to courts "reaching a just conclusion"). That is because "any attempted reservation or continuation" of a patent beyond its congressionally defined bounds "runs counter to the policy and purpose of the patent laws." *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 256 (1945); *see also Lear, Inc. v. Adkins*, 395 U.S. 653, 663-64 (1969) ("It is as important to the public that competition should not be repressed by worthless patents, as that the patentee of a really valuable invention should be protected in his monopoly." (quoting *Pope Mfg. Co. v. Gormully*, 144 U.S. 224, 234 (1892) (alteration omitted))).

Outside of the assignor estoppel context, this Court has reiterated that defining the true extent of a patent grant requires more opportunities to assert a patent's invalidity, not fewer. In overruling the doctrine of mutuality of estoppel, which refused to give prior patent invalidity determinations res judicata effects, the Court determined that "the holder of a

patent should not be insulated from” findings of invalidity. *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 349 (1971) (citing *Lear*, 395 U.S. 653). This Court maintained that conclusion in upholding the constitutionality of bringing invalidity challenges though inter partes review, describing “the public’s paramount interest in seeing that patent monopolies are kept within their legitimate scope.” *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1374 (2018) (quoting *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016)). *Kimble*, in particular, went out of its way to emphasize the substantial public interest in weeding out invalid patents. *Kimble v. Marvel Ent., LLC*, 576 U.S. 446, 451-52 (2015) (citing *Lear*, 395 U.S. at 668-75; and *Scott Paper*, 326 U.S. at 256).

Similar reasoning flows through this Court’s patentable subject matter caselaw as well. Claims to basic tools of discovery and innovation are invalid absent an inventive concept because the claims otherwise monopolize abstract ideas that belong in the public domain. See, e.g., *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 216, 221 (2014); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 71, 86 (2012); *Bilski v. Kappos*, 561 U.S. 593, 609-10 (2010).

The Federal Circuit’s current broad reading of assignor estoppel undermines the important public interests that underlie these precedents. The doctrine prevents courts from striking down invalid patents without an appropriate equitable justification. Instead of serving the doctrine’s narrow interest in preventing assignors from profiting off of bad-faith misrepresentations, assignor estoppel more often allows assignees to overextend claims. Liberal

amendment and continuation practices permit assignees to broaden claims beyond the requirements set by Congress and explained by this Court without fear of invalidation from the most likely and most informed challengers—assignors.

Only a few industry competitors have the economic resources and incentives to challenge bad patents, but assignor estoppel drastically reduces their ability to do so. Assignors and assignees travel within the same industry circles, often as competitors. And employees regularly change jobs but continue to work in the same field. As the Federal Circuit has expanded privity in its assignor estoppel doctrine, the umbrella of competitors connected to an assignor grows, increasing the number of entities estopped from asserting invalidity defenses against an assignee.

This is especially troublesome given that defendants already raise invalidity defenses less often than is socially desirable, in part because they do not fully capture the public benefits of invalidating bad patents. See Roger Allan Ford, *Patent Invalidity Versus Noninfringement*, 99 Cornell L. Rev. 71, 110-11 (2013); Joseph Farrell & Robert P. Merges, *Incentives to Challenge and Defend Patents: Why Litigation Won't Reliably Fix Patent Office Errors and Why Administrative Patent Review Might Help*, 19 Berkeley Tech. L.J. 943, 951-52 (2004). Fewer validity challenges, in turn, contribute to the economic deadweight loss of invalid patents, which has been estimated at around \$25.5 billion per year. T. Randolph Beard, George S. Ford, Thomas M. Koutsy, & Lawrence J. Spiwak, *Quantifying the Cost of Substandard Patents: Some Preliminary Evidence*, 12

Yale J.L. & Tech. 240, 268 (2010). Assignor estoppel makes that problem worse. Indeed, assignees asserting invalid patents are economically rewarded. Because the validity of assignees' bad patents cannot be easily challenged, it is less costly for them to assert bad patents in litigation. *See* Lemley, *supra*, at 529. This arguably increases the prevalence of frivolous claims against assignors.

Moreover, assignor estoppel makes it harder to prevent overclaiming, contrary to the promise of *Westinghouse*. *Westinghouse* provided a remedy to the problem of an overclaiming assignee by allowing assignors and their privies to rebut overbroad claims by introducing prior art evidence to narrow the scope of those claims. *Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342 (1924). The prior art in that case demonstrated that the assignee's proposed claim construction would render the claims invalid for lack of novelty, so the Court refused to adopt a broad construction. *Id.* at 354. Instead, the Court interpreted the claims narrowly to preserve their validity, and based on that narrower construction, the Court found no infringement. *Id.* at 355.

The Federal Circuit's modern approach to claim construction effectively abandons the earlier canon of claim construction used in *Westinghouse*. That court now treats preserving validity as an interpretive canon of last resort, if it is to be applied at all. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1327 (Fed. Cir. 2005) (en banc). The court only considers the canon if the claim scope is "still ambiguous" after looking to the plain meaning of the claim language, its customary meaning to a person of ordinary skill in the art, the

specification, prosecution history, unasserted claims, other sections internal to the patent, dictionaries, expert testimony, and treatises. *Id.* at 1312-19, 1327. In short, the Federal Circuit “acknowledge[s] the maxim that claims should be construed to preserve their validity” but does not apply it. *Id.* at 1327. That means that assignor estoppel today effectively bars challenges to overbroad claims, directly contravening *Westinghouse*.

While assignors can challenge overbroad claims through inter partes review (IPR), *Arista Networks, Inc. v. Cisco Sys., Inc.*, 908 F.3d 792 (Fed. Cir. 2018),<sup>2</sup> IPR provides an insufficient means to do so because assignors can only assert invalidity in limited circumstances. An IPR proceeding is limited to the novelty and nonobviousness doctrines. Even then, the argument must be based “only on the basis of prior art” and only prior art “consisting of patents or printed publications.” 35 U.S.C. § 311(b). Critically, this means assignors cannot raise patentable subject matter, enablement, or indefiniteness challenges, which are important doctrinal tools for invalidating overbroad patents. Nor can they raise novelty and nonobviousness challenges based on sales and public uses of the invention as opposed to publications. *Id.*

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<sup>2</sup> Judge Stoll, concurring below, noted the incongruity of allowing a party to raise validity challenges before the Patent Trial and Appeal Board but not in court. *Hologic, Inc. v. Minerva Surgical, Inc.*, 957 F.3d 1256, 1274-75 (Fed. Cir. 2020) (Stoll, J., additional views). The creation of IPR proceedings, and the fact that estoppel does not apply there, further undermines the rationale of assignor estoppel.

### B. Assignor Estoppel Limits Employee Mobility.

Finally, assignor estoppel puts both employees and new employers at a unique disadvantage in the face of patent litigation from former employers.

On the employer side, the doctrine “creates a powerful disincentive for competitors to hire” employees with experience in the field. Orly Lobel, *The New Cognitive Property: Human Capital Law and the Reach of Intellectual Property*, 93 *Tex. L. Rev.* 789, 821 (2015); *see also* Lara J. Hodgson, *Assignor Estoppel: Fairness at What Price?*, 20 *Santa Clara Comput. & High Tech. L.J.* 797, 829 (2004). The Federal Circuit’s broad privity rule “requires hiring companies to compartmentalize employees away from their most productive work, and therefore discourages the hiring of inventive employees.” Lemley, *supra*, at 537 (citing Marc B. Hershovitz, *Unhitching the Trailer Clause: The Rights of Inventive Employees and Their Employers*, 3 *J. Intell. Prop. L.* 187, 198-99 (1995)); *see also* Lobel, *supra*, at 821; Hodgson, *supra*, at 830. Startups and small businesses are particularly affected given their limited size and resources. *See* Lemley, *supra*, at 537.

On the employee side, assignor estoppel increases the costs of being listed as a named inventor. “[T]he most productive and experienced employees, who are already engaged in inventive activities in their industry, become untouchables;” they cannot find companies willing to hire them or risk founding a company of their own. Lobel, *supra*, at 822.

Assignor estoppel’s chilling effects on employee mobility can be likened to a 20-year “partial noncompete agreement” that “operates throughout the United States” and “prevent[s] inventors from starting

new companies or moving to competitors” and extends to entire companies. Lemley, *supra*, at 537-38. Such noncompete agreements are generally disfavored by law because they “interfere[] with innovation and economic growth” by “reduc[ing] the number and speed with which new technologies are deployed.” *Id.* at 538, 540. It is particularly unwise to impose such quasi-noncompete agreements on the most productive employees merely because they have invented something, regardless of whether they signed a noncompete or whether they live in a state that enforces such agreements.

By stifling inventor mobility, assignor estoppel undermines the public interest in innovation and in an open marketplace.

**V. WHATEVER JUSTIFICATION REMAINS  
FOR ASSIGNOR ESTOPPEL, IT DOES NOT  
APPLY IN THIS CASE.**

This Court should not apply assignor estoppel in this case because it does not resemble the narrow, bad-faith context to which the Court has previously limited the doctrine. There is no suggestion that Minerva deceived anyone or misrepresented anything about the '348 patent. Indeed, Truckai could not have made misrepresentations about the validity of the '348 claims because Hologic had not even contemplated the idea of the '348 patent until 2013, five years after Truckai left. App. 138, 146-47. Truckai had no control, insight, or influence into Hologic's patent counsel in 2013. While Truckai assigned Hologic the rights to continuation applications for the “Moisture Transport” patent, there is no suggestion that that was an affirmative representation of validity for *all* future

continuation applications that Hologic might develop based on Truckai's original specification.

Further, Minerva is not even contesting the validity or the value of the "Moisture Transport" patent. Minerva only contests that the '348 patent can be validly extended to cover a moisture impermeable system. And that challenge on enablement and written description grounds concerns the words that the patent lawyers wrote after Truckai left Hologic, not any specialized knowledge Truckai might have.

It is true that Truckai left to found his own company, so this case does not involve the problem of the Federal Circuit's unwarranted expansion of privity per se. But by the time the patent was filed, Truckai had not only left Hologic, he was also no longer CEO and did not have a day-to-day role at Minerva, though he still served on its board. App. 246, 365-66. His connection to Hologic's patent was thus substantially attenuated in the same problematic manner as implicated by the Federal Circuit's expansion of privity.

## CONCLUSION

If this Court does not abolish the assignor estoppel doctrine altogether, it should restrict that doctrine to its original purpose: preventing inventors from selling an invention for profit by misrepresenting or concealing the facts to someone who relies on that misrepresentation. At a minimum, the doctrine should not apply in the overwhelming majority of cases in which the Federal Circuit now applies it, including this one.

The judgment of the court of appeals should be reversed.

Respectfully submitted,

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